

# Performance implications of manufacturer-retailer power battles

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## Valorization



In the following section, I elaborate on the main contributions of this dissertation in terms of their social and economic relevance to society. This process, also known as knowledge valorization, is broadly defined as the “process of creating value from knowledge, by making knowledge suitable and/or available for social (and/or economic) use and by making knowledge suitable for translation into competitive products, services, processes and new commercial activities (Article 23 in the regulation governing the attainment of doctoral degrees, adapted definition based on National Valorization Committee 2011). The social and economic contributions resulting from this dissertation are mainly targeted at manufacturers and retailers facing conflict delisting situations. More specifically, this dissertation provides crucial insights into the consequences of conflict delistings, and thereby facilitating firms’ decision making process with regards to conflict delistings (i.e., when is a conflict delisting more or less harmful, and how to respond to a conflict delisting?).

## **CHAPTER 2: THE EFFECTIVENESS OF MANAGERIAL ACTIONS DURING CONFLICT DELISTINGS**

In Chapter 2, I investigate the appropriate responses to a conflict delisting: how can firms safeguard themselves against the negative consequences? More specifically, I investigate which marketing actions (i.e., price reductions and advertising support) are suitable for which conflict situation (i.e., contingent upon the initiator of the conflict delisting and the amount of publicity surrounding the conflict delisting). As such, both manufacturers and retailers receive tailored recommendations which marketing action(s) to utilize for each specific conflict delisting situation. To facilitate the transfer of knowledge to practitioners, and to help inform marketing decision makers about the appropriate course of action, I developed a marketing dashboard (see Table 2.7 in this dissertation). A marketing dashboard is an efficient tool in which a firms’ key performance indicator(s) and its underlying drivers are depicted in a single overview. Firms can use this tool to make accountable marketing decisions, which is especially important given the increasing demands for marketing accountability. The marketing dashboard in Chapter 2 helps practitioners to determine the optimal firm response for a wide array of conflict delisting situations, in an easy-to-use visual overview.

In addition to the academic community, Chapter 2 is therefore of great interest to both manufacturers and retailers. A tailored advice provides them with the necessary tools to assess the situation at hand, and guidance on how to act accordingly to minimize damages done to the company itself, and for the involved consumer. More specifically, the results of this project provide useful guidelines for 1) marketers, 2) purchasing and sales departments, and 3) senior management. First, marketers can determine the appropriate response to a conflict delisting by using the marketing dashboard. Randomly engaging in price reductions or increased advertising support

can be quite a detrimental strategy, as Chapter 2 reveals that marketing actions work differently in various conflict delisting situations, and might even backfire in some situations. Second, this project gives specific insights into when conflict delistings are more or less severe in terms of sales. This information can assist purchasing and sales departments in their negotiation strategies. When there is no budget available to recover some of the lost sales, they can determine the amount of sales lost in the conflict delisting, which can help them in the decision whether to engage in the conflict delisting in the first place. Finally, it is likely that the purchasing and sales department do not make these choices independently, but rather collaborate with the senior management (e.g., CEO or CMO) in these issues. The right information about the sales consequences of conflict delistings, and the appropriate courses of action in different situations assist senior management to make a solid and well-founded support for their decisions.

In sum, both manufacturers and retailers were clueless how to manage conflict delistings, as managerial actions work differently in conflict situations compared to 'normal' situations in which no conflict delisting occurs. The results of Chapter 2 are therefore crucial, as they provide clear guidelines for manufacturers and retailers on how to respond to a conflict delisting, thereby preventing costly mistakes.

On a more abstract level, the results of Chapter 2 can also be used beyond the manufacturer-retailer dyad, as they provide general insights into how a third party (in this case consumers) reacts to a severe power battle. The results could therefore be applied to a wide variety of real-life conflict situations (e.g., divorce, warfare), in which a third party has to decide who to side with. More specifically, who a third party sides with is contingent upon persuasion techniques and the characteristics of the context the conflict is taking place in.

### **CHAPTER 3: THE MARKET VALUATION OF CONFLICT DELISTINGS**

In Chapter 3, I investigate how conflict delistings affect total firm performance, in the long run. In addition, I outline the performance implications for a wide array of conflict delistings, providing practitioners clear insights into when conflict delistings are more or less harmful for their firm (i.e., depending on the amount of publicity surrounding the delisting, the number of brands that were delisted, the initiator of the conflict delisting, and the size of the focal and partner firm). For example, it is in a firms' best interest to refrain from eliminating a large range of brands, and to refrain from fighting the power battle via public press. The results can be used to simulate and predict firm performance for a particular conflict delisting situation (see Table 3.6 in the dissertation). Managers can use the simulation analysis to predict what might happen in different conflict delisting scenarios, and act accordingly.

The results are of great interest for firms that (are about to) face a conflict delisting situation. Also here, the results provide crucial insights for everyone involved in the conflict delisting, including: marketers, purchasing and sales departments, or senior management. In conclusion, in Chapter 3 I provide a much needed first picture on the full impact of a conflict delisting on firm value in different circumstances.

To summarize, this dissertation shows that, overall, conflict delistings have a negative impact on firm performance. However, the direction and magnitude of the effect is contingent upon the specific conflict delisting situation. Firms can use this information to assess the performance implications of conflict delistings. In addition, this dissertation provides a marketing dashboard with clear guidelines for practitioners on how to alleviate these negative consequences.